

Testimony of Rocky Holland

Connecticut General Assembly

Raised Bill No. 5333: An Act Concerning The Return of Outdated Drugs From Pharmacies to Wholesalers, Manufacturers and Distributors

Dear Senator Doyle, Representative Baram, Ranking Members and Members of the General Law Committee:

My name is Rocky Holland. I am what is known in this industry as a "reverse distributor." For the last fifteen years I have been processing outdated drugs for credit in the pharmacies of several different states. I have been in Connecticut for ten years.

At the conclusion of each day I present a manifest to the pharmacist of all the drugs being sent back for credit. Usually about 5%-30% of the drugs are ineligible for credit due to various reasons. The two most common are that the manufacturer does not accept credit for returns or the manufacturer only accepts full containers and the bottle is a partial.

Most manufacturers, however, will issue credit back to the pharmacy for the unused portion of a partial container. Usually it must be returned within one year of the expiration date. Almost all manufacturers will at least allow the return of full containers.

To understand why manufacturers will pay money for a half-used bottle of pills consider how pharmacy is different from a normal retail industry. Someone who sells shirts, for example, will assess the market demands at that time and stock certain brands based on those demands. If the products do not sell, the fault lies squarely on the purchaser. They might sell the overstock to a secondary market such as TJ Maxx and use the revenue to restock different products using the market info they have learned.

Retail pharmacy is very different. The products that a pharmacist sells are not determined by them. They are determined by the physician writing the script. So if a prescription is sent over for thirty pills, the pharmacist must purchase those thirty pills. The problem is that, often times, they are only sold in quantities of 100. Mind you many of these drugs are VERY expensive and cost VERY little to make. So the pharmacist purchases a bottle of 100 pills for \$1,000, fills 30 pills, and is stuck with the remaining \$700 worth of pills that cost \$5 to manufacture. Most drug companies understand this conundrum. Rather than waste time selling quantities of thirty, they sell the entire bottle of 100 with hopes that someone else will need the drug in the next two years before the bottle expires. If not, they issue credit back to the pharmacy for the remainder. The important thing to note here is that NO ONE LOSES MONEY IN THE PROCESS. If the drugs are expensive to manufacture, they can sell smaller quantities. Albenza tablets, for example, are sold in bottles of 2 pills.

There are a small handful of manufacturers, however, that exploit this system by selling expensive drugs in quantities of 100 while only accepting full, sealed containers back for credit upon expiration. Valeant Pharmaceutical, for example, sells Mephyton in 100 count bottles. This drug is commonly written for a few pills. It now costs over \$1,000 for a 100 count bottle. Time and time again I am assigned the unfortunate task of bringing the pharmacist an open bottle of 90 pills and informing them they will not

be compensated for the rest. Teva is also a manufacturer that makes several expensive branded drugs such as Antabuse and Provigil and only accepts full containers for credit.

Then there is Abbott. They are very unique in that they are a major manufacturer of expensive drugs and will not even accept FULL containers for credit. They claim a 1% discount is given in lieu of a return policy. So if a pharmacist gets stuck with a \$1,200 container of Humira, by that logic they must have purchased 99 other containers of it that actually sold. In other words the pharmacy has to purchase \$120,000 worth of Humira for this to be a valid return program.

The end result of all of this is that a majority of my clients refuse to stock Abbott products, which ultimately affects patient care. Additionally, my clients will often call me when they receive a script for an expensive drug of other manufacturers and ask me if they will be reimbursed should they not sell the remaining pills. If I say no the pharmacist is forced to send the patient away.

In North Carolina they created a bill to prevent this hindrance of patient care, as described above, from occurring. They enacted a bill that simply states if you are a manufacturer of prescription drugs and sell them in their state, you must be willing to accept them back for credit within six months of the expiration date, full or partial. If you do not, that drug will not be eligible for reimbursement under any state funded program. We have a service representative in North Carolina that has had phenomenal success returning these products. The pharmacists there RAVE about the bill. He even claims that pharmacists in neighboring states are constantly asking why that law can't be passed in their state. I would like to see it passed here in hopes of it being a trend-setting law for other states to follow. I have already pitched the bill to the legislature in Massachusetts. Should it pass in both states I intend to submit an article to Drug Topics magazine detailing the progressive nature of this bill and make the case for other states to enact it.

The important thing to bear in mind is that this proposed law harms no one. The vast majority of drug manufacturers will not be affected in any way. It is without question the number of manufacturers that issue credits for partials constitutes an industry standard. We are just trying to prevent a small group of manufacturers from making money on items the pharmacist does not want or need. We are trying to prevent patients from being sent away because the pharmacist will lose money by filling their prescription. It will allow the pharmacist to stock as they see fit, ultimately benefitting the most important factor in all of this, the patients of Connecticut.

I implore you to consider passing Raised Bill 5333.

Sincerely,

Rocky Holland
Reverse Distributor, Return Solutions Inc.